

BANKING,

the original and most important form of
“crowdfunding”, is *broken*

- Our largest banks have paid **\$235 billion** in fines in the last seven years for a litany of misdeeds that have scarred the industry and are delaying rehabilitation. (Reuters)
- Between 2008 and 2014, **4.9 million families** lost their homes to foreclosure. (Americans for Financial Reform)
- Communities of color are disproportionately impacted by an unstable banking system. Between 2005 and 2009, white households experienced a wealth reduction of **16%**; African American households **53%**; and Latino households **66%**. (Pew Research Center)
- **One third** of bank tellers rely on some kind of public support. (ThinkProgress)

Decades of banking out of alignment with social justice or environmental well-being is destabilizing our communities.





THEORY OF CHANGE

A new model to change the banking system for good



beneficial state bank

beneficial state bank



beneficial state bancorp

Social enterprise bank founded in 2007 with a triple bottom line focus on **social justice, environmental resilience, and economic sustainability**

CDFI with **\$630 million** in assets operating in California, Washington, and Oregon with two banks: **Beneficial State Bank and Albina Community Bank**

Agreement announced to acquire Pan American Bank, serving LMI communities in Central and Southern California, bringing Beneficial State to **\$750 million** in assets, 250 colleagues, and 18 locations.



beneficial state bank

All economic interest
owned by a 501c3
nonprofit foundation



Governance in the
public interest



Profits flow back
to communities
we serve



*An entirely different economy is possible:
one that delivers health, access, and
prosperity for all*

OUR CORE VALUES

TRUST

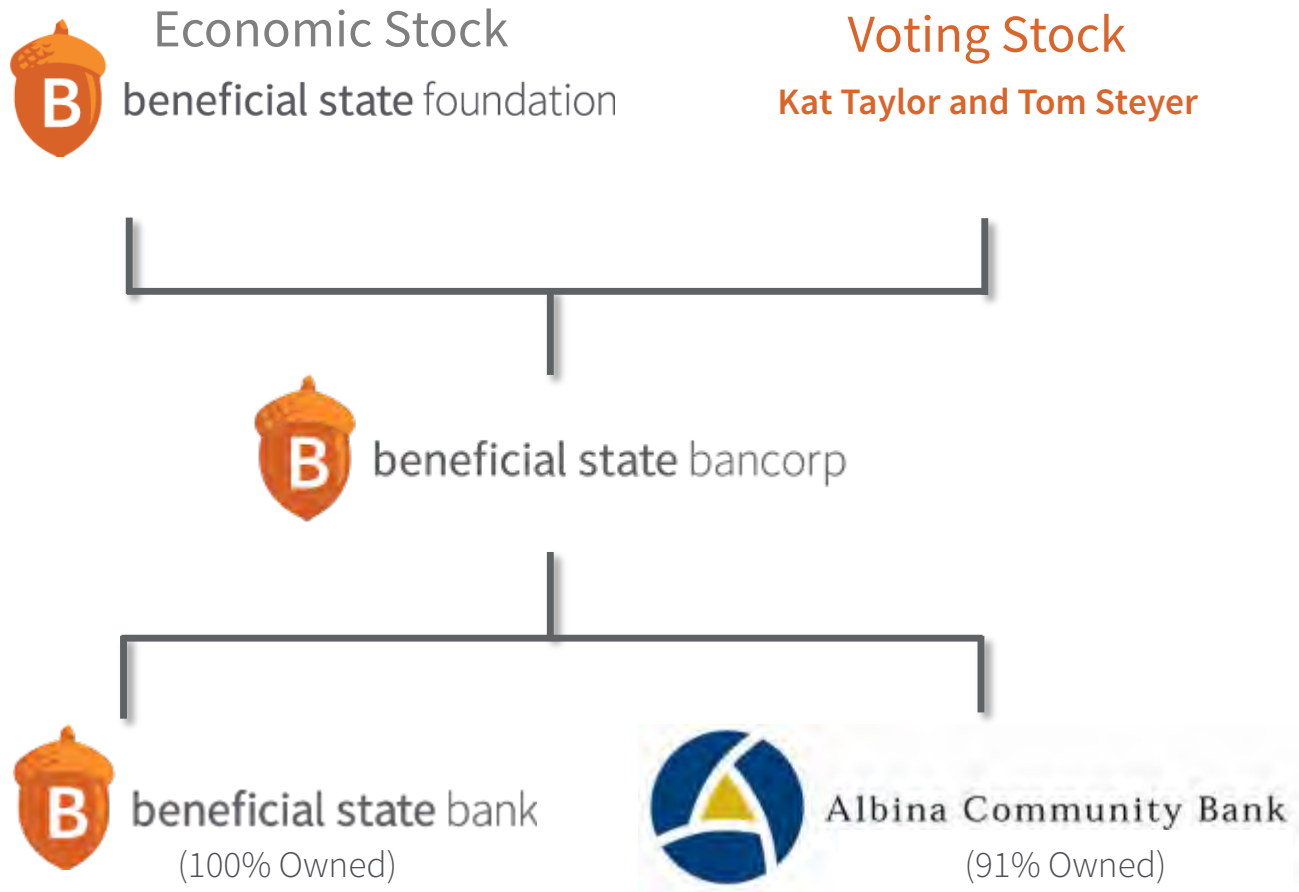
JUSTICE

EMPOWERMENT

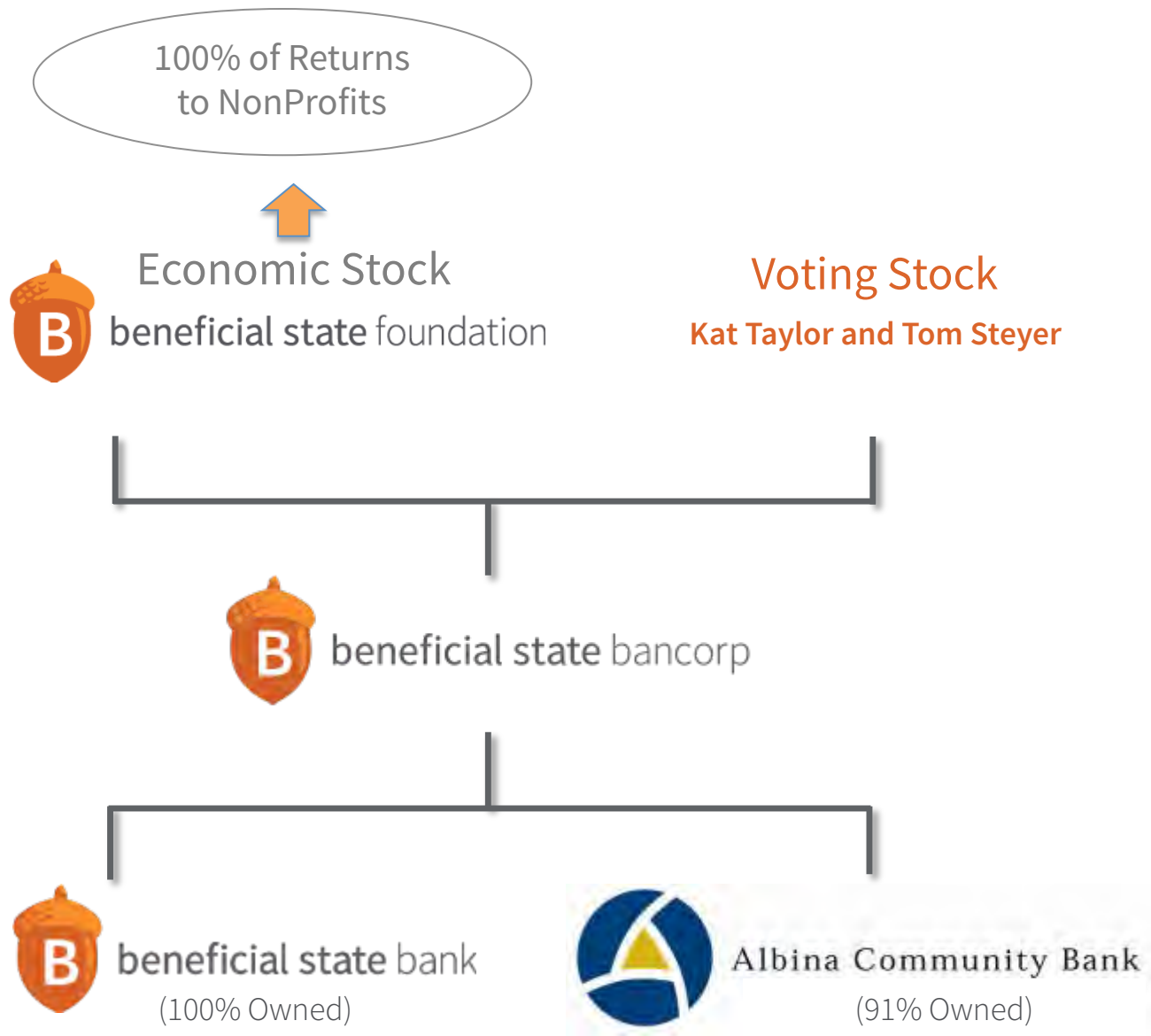


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UNIQUE OWNERSHIP



UNIQUE OWNERSHIP



TRANSPARENCY



Third Party
Audited



Data Driven



Publish
Outcomes



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WHAT WE DO



Fair and
transparent
personal banking



Empowered
business and
nonprofit banking



Mission –
driven

A smiling woman with her hair in a bun, wearing a white apron over a dark top, stands behind a table. On the table is a whole pie in a metal pan, several cardboard boxes, and a vase of purple and white flowers. The background is a dimly lit indoor space with other people and lights.

MISSION CRITERIA (in early implementation)

We strive to ensure

ALL BENEFIT, NO HARM

We direct at least

75% of our loans to **changemakers** –
customers healing their communities and the
natural world

We strive to ensure that **none** of our loans
are put to use against a better future



beneficial state bank

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CHANGEMAKERS

FOUR CATEGORIES WE SEEK

1. Ownership
2. Structure
3. Core Products/Services/Sector
4. Practices

1 WHO OWNS IT?

Ownership by Under-Served Communities

Businesses and nonprofits that are owned by people from under-served and historically oppressed groups can help build wealth and power for these individuals and communities

A woman with dark hair, wearing a white apron over a dark top, is smiling and pushing a metal cart. The cart has a large pie on a tray and several cardboard boxes. In the background, there are flowers and other market stalls, suggesting an outdoor market setting.

1

WHO OWNS IT?

- Woman
- Person of Color
- Formerly Incarcerated
- Disabled
- Other under-served, under-represented, discriminated against

2

Is the Structure Inherently Mission-First?

Mission-Driven Ownership Structures

Nonprofits and business models that put people and planet before profit.

2

Is the Structure Inherently Mission-First?

- Non-profit
- Worker-owned cooperative
- Benefit Corporation
- Social Purpose Corporation
- Other mission-driven structure

3

Is the Core Product or Service Mission-Aligned?

Mission-Driven Core Products & Services

Nonprofits and businesses whose core products or services are intended to improve the lives of people and communities and/or support environmental sustainability.

3

Is the Core Product or Service Mission-Aligned?

1. Affordable & Multifamily Housing
2. Arts, Culture & Community-Building
3. Economic/Workforce/Business Development
4. Education & Youth Development
5. Environmental Sustainability
6. Beneficial Financial Services
7. Health & Wellbeing (Non-Food)
8. Healthy Food
9. Making/Manufacturing/Production
10. Social Justice
11. Other Mission

Definitions for each

4

Do they have dedicated mission-aligned practices?

Mission-Driven Business Practices

We seek borrowers that purposefully support people and planet through their internal practices, such as the provision of living wages and benefits well-being opportunities for staff, sustainability practices and policies, and community service programs.

4

Do they have dedicated mission-aligned practices?

- **Certifications**
 - B Corp, Green, JUST, Organic, Fair Trade
- **Employee Wages / Benefits/ Ownership**
 - MIT Living Wage or Above, Health Above Gov't Minimum, Union, ESOP
- **Employment Targeted For Those With Barriers**
- **Special Products, Services, Biz Model Supporting Underserved**
 - Give Something Back exists to support nonprofits, Oakland Acupuncture sliding scale pricing
- **Procurement Commitments**
 - Local, small business or farm, minority-owned, organic, fair trade, sweatshop free

A woman with her hair in a bun, wearing a white apron over a dark top, smiles warmly at the camera. She stands behind a table set for a gathering. On the table, there is a large pie in a metal pan, several cardboard boxes, and a vase of purple and white flowers. The background is a dimly lit indoor space with other people and lights.

CONTRA MISSION (In Development)

CONTRA MISSION REVIEW

We strive to achieve Benefit to All, Harm to None

75% Mission, 0% Contra Mission
Avoid the Big Bank “Train of Misery”

- Sectors
- Activities
- Transactions
- Practices
- Supply chain
- Profits

CONTRA MISSION PRINCIPLES

- Avoid contra sectors
- Ensure businesses and projects are community-supported and –benefitting
- Transaction leads to more distributed ownership, power, voice vs. concentrated
- Type of ownership, size, geographic location
- Direction over absolutes
 - From Leaders to laggards progressing
- Advisors from industry orgs and community advocates
 - i.e. Bridge Housing, Seafood Watch, Environmental Working Group

CONTRA MISSION REVIEW BUSINESS PRACTICES

- Monopolies
- Strong arming
- Products for disadvantaged individuals in which the owners / shareholders are making large/excessive profits
- History of reducing quality, benefits, etc. in order to save costs

CONTRA MISSION SECTORS

- Exploitative industries
- Weapons
- Gambling
- Predatory financial products
- Tobacco, including e-cigarettes
- Illegal industries, including illegal drugs
- Corporate prisons

A smiling woman with her hair in a bun, wearing a white apron over a black top, stands behind a table. On the table is a large pie in a metal pan, several cardboard gift boxes, and a vase of purple and white flowers. The background is a dimly lit room with other people and lights.

GETTING TO OUTCOMES

Mission > Metrics > Data

Mission element: Protect our environment

Goal: Help reverse climate change

Strategy: Fund clean renewable energy alternatives, avoid and encourage divestment of dirty energy

Metric: Metric Tons Of CO₂ (Ghg) Avoided/Offset By Bank Financing (per year)

Data needed:

- kWh capacity of each energy source funded
- Number of hours in operation in year for each energy source
- Kwh production to c02 reduction conversion (6.89551×10^{-4} metric tons CO₂ / kWh)

Affordable Housing 2012-14

Our Belief:

Housing is a Human Right

Lending Outputs



19.1 MM

loan commitments

Community Outcomes



752

affordable units

Meaning & Context



108

number of net new
affordable units per
year in San Francisco

Refers to units our loans helped create or retain in participation with other lenders

PROCESS

Impact Review Process

Before/During Loan Booking

1



Loan Officer Initial Review

- Core Product/Svc Sector
- Structure
- Initial Practices
- Counter-mission check
- Mission write-up
- Pipeline view

After Loan is Booked

2



Impact Team Monthly Review

- Ownership
- Practices
- Other elements
- Detailed impact metrics

3



Impact / Engagement Team Interview / Survey

- Additional practices
- Ownership details
- Individual /unique outcome metrics

Data collection & reporting in Salesforce

Impact Team Review

- Deeper knowledge of client and loan to determine further mission details and data for impact
 - Practices
 - Ownership
 - Housing unit details
 - Clients served
 - kWh produced
- Sources
 - Interview
 - Loan docs
 - External sources (HUD, EPA)
- Also added to Salesforce record for loan

Impact Review Process

**Before/During
Loan Booking**

After Loan is Booked

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**Loan Officer
Initial Review**

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Monthly Review**

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Interview / Survey**

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MISSION LENDING



Distribution of active loans on December 31, 2014,
representing a total original commitment of \$340 million.

KEY OUTPUTS & OUTCOMES 2012-15

Pre-prime access to credit

- 1,200 small dollar loans
- 5,000 unsecured credit cards

Small Businesses

- \$62.1 MM in loans

Non Profits

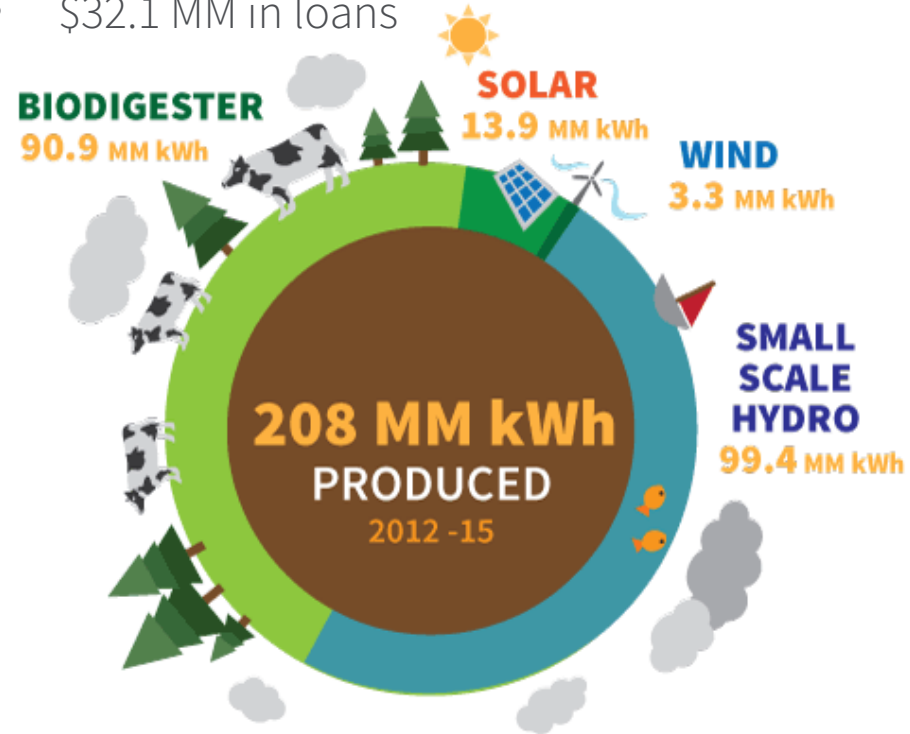
- \$65.7 MM in loans


Housing

- 979 dedicated affordable units
- 1,124 naturally-occurring affordable and workforce affordable units
- \$82.3 MM in loans to create, retain, renovate or refinance housing

Renewable Energy

- \$32.1 MM in loans





The Impact of Beneficial Banking

**MUCH MORE ON OUR IMPACT WEBSITE:
[BENEFICIALSTATE.ORG/IMPACT](https://beneficialstate.org/impact)**

VOICES FOR CHANGE

We're not doing this alone!



GABV

Independent network of banks using finance to deliver sustainable development for underserved communities & the environment.

Beneficial State Bank is a founding North America member



CDBA

Voice and champion of banks and thrifts with a mission of serving low and moderate income communities.

Beneficial State Bank is a Board Member



build something beautiful.



beneficial state bank



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LAUREN CREW PHOTOGRAPHY